

**REPORT OF THE AUDIT OF THE
GREENUP COUNTY
FISCAL COURT**

**For The Fiscal Year Ended
June 30, 2002**



**EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS
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EXECUTIVE SUMMARY

AUDIT EXAMINATION OF THE GREENUP COUNTY FISCAL COURT

**For The Fiscal Year Ended
June 30, 2002**

The Auditor of Public Accounts has completed the Greenup County Fiscal Court audit for fiscal year ended June 30, 2002. We have issued an unqualified opinion on the financial statements taken as a whole. Based upon the audit work performed, the financial statements are presented fairly in all material respects.

Financial Condition:

Fund balances decreased by \$409,134 from the beginning of the year, resulting in a cash surplus of \$1,533,720 as of June 30, 2002.

Debt Obligations:

Total bonded debt principal as of June 30, 2002, was \$1,995,000. Future collections of \$2,074,161 are needed over the next 10 years to pay all bonded debt principal and interest.

Capital lease principal agreements totaled \$1,290,817 as of June 30, 2002. Future principal and interest payments of \$1,511,712 are needed to meet these obligations.

Deposits:

The fiscal court's deposits were insured and collateralized by bank securities or bonds.

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EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky

Honorable Paul E. Patton, Governor

Gordon C. Duke, Secretary

Finance and Administration Cabinet

Dana Mayton, Secretary, Revenue Cabinet

Honorable Robert W. Carpenter, Greenup County Judge/Executive

Members of the Greenup County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of assets, liabilities, and equity arising from cash transactions of Greenup County, Kentucky, as of June 30, 2002, and the related statement of cash receipts, cash disbursements, and changes in cash balances for the year then ended. These financial statements are the responsibility of the Greenup County Fiscal Court. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, Greenup County, Kentucky, prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balances arising primarily from cash transactions as of June 30, 2002, of Greenup County, Kentucky, and the revenues received and expenditures paid for the year then ended, in conformity with the modified cash basis of accounting.



To the People of Kentucky
Honorable Paul E. Patton, Governor
Gordon C. Duke, Secretary
Finance and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable Robert W. Carpenter, Greenup County Judge/Executive
Members of the Greenup County Fiscal Court

In accordance with Government Auditing Standards, we have also issued our report dated October 28, 2002, on our consideration of Greenup County, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The accompanying financial information listed as supporting schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of Greenup County, Kentucky. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a stylized flourish at the end.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
October 28, 2002

GREENUP COUNTY OFFICIALS

For The Fiscal Year Ended June 30, 2002

Fiscal Court Members:

Robert W. Carpenter	County Judge/Executive
Nelson Allen	Commissioner
Tony Quillen	Commissioner
Robert Workman	Commissioner

Other Elected Officials:

Michael C. Wilson	County Attorney
Jim Womack	Jailer
Donald L. Davidson	County Clerk
Allen Reed	Circuit Court Clerk
Keith M. Cooper	Sheriff
William Clarey	Property Valuation Administrator
Robert Greene	Coroner

Appointed Personnel:

Carol Vinson	County Treasurer
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STATEMENT OF ASSETS, LIABILITIES,
AND EQUITY ARISING FROM CASH TRANSACTIONS

GREENUP COUNTY
STATEMENT OF ASSETS, LIABILITIES,
AND EQUITY ARISING FROM CASH TRANSACTIONS

June 30, 2002

	<u>Governmental Fund Type</u>			<u>Proprietary Fund Type</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Enterprise</u>
<u>Assets and Other Resources</u>				
<u>Assets</u>				
Cash and Cash Equivalents	\$ 43,166	\$ 118,016	\$ 2,441	\$ 55,241
Investments	514,781	330,115	525,201	
Notes Receivable (Note 4A, 4B)		186,907		
Interfund Receivable (Note 5)			107,078	
Restricted Cash-				
Payroll Revolving Account	195			
Health Insurance Account	46			
Total Assets	<u>\$ 558,188</u>	<u>\$ 635,038</u>	<u>\$ 634,720</u>	<u>\$ 55,241</u>
<u>Other Resources</u>				
Amounts to be Provided In Future Years For:				
Capital Lease	\$ 1,290,817	\$	\$	\$
Bond Payments			1,467,358	
Total Other Resources	<u>\$ 1,290,817</u>	<u>\$</u>	<u>\$ 1,467,358</u>	<u>\$</u>
Total Assets and Other Resources	<u>\$ 1,849,005</u>	<u>\$ 635,038</u>	<u>\$ 2,102,078</u>	<u>\$ 55,241</u>

The accompanying notes are an integral part of the financial statements.

GREENUP COUNTY
STATEMENT OF ASSETS, LIABILITIES, AND EQUITY
ARISING FROM CASH TRANSACTIONS
June 30, 2002
(Continued)

Totals
(Memorandum Only)
Reporting
Entity

\$ 218,864
1,370,097
186,907
107,078

195
46

\$ 1,883,187

\$ 1,290,817

1,467,358

\$ 2,758,175

\$ 4,641,362

The accompanying notes are an integral part of the financial statements.

GREENUP COUNTY
 STATEMENT OF ASSETS, LIABILITIES, AND EQUITY
 ARISING FROM CASH TRANSACTIONS
 June 30, 2002
 (Continued)

	Governmental Fund Type			Proprietary Fund Type
	General	Special Revenue	Debt Service	Enterprise
<u>Liabilities and Equity</u>				
<u>Liabilities</u>				
Payroll Revolving Account	\$ 195	\$	\$	\$
Retirement Account	46			
Deferred Revenue (Note 4A, 4B)		186,907		
Interfund Payable (Note 5)	107,078			
Capital Lease (Note 7C)	1,290,817			
Bond Principal - 1997 Refunding Issue (Note 6)			1,995,000	
Total Liabilities	<u>\$ 1,398,136</u>	<u>\$ 186,907</u>	<u>\$ 1,995,000</u>	<u>\$</u>
<u>Equity</u>				
Fund Balances:				
Reserved	\$ 22,199	\$ 448,131	\$ 107,078	\$
Unreserved	428,670			55,241
Total Equity	<u>\$ 450,869</u>	<u>\$ 448,131</u>	<u>\$ 107,078</u>	<u>\$ 55,241</u>
Total Liabilities and Equity	<u>\$ 1,849,005</u>	<u>\$ 635,038</u>	<u>\$ 2,102,078</u>	<u>\$ 55,241</u>

The accompanying notes are an integral part of the financial statements.

GREENUP COUNTY
 STATEMENT OF ASSETS, LIABILITIES, AND EQUITY
 ARISING FROM CASH TRANSACTIONS
 June 30, 2002
 (Continued)

Totals
 (Memorandum Only)
 Reporting
 Entity

\$ 195
 46
 186,907
 107,078
 1,290,817
 1,995,000
 \$ 3,580,043

\$ 577,408
 483,911

\$ 1,061,319

\$ 4,641,362

The accompanying notes are an integral part of the financial statements.

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STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

GREENUP COUNTY
STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

For The Fiscal Year Ended June 30, 2002

	General Fund Type			
	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Cash Receipts</u>				
Schedule of Operating Revenue (Note 8)	\$ 6,047,406	\$ 1,729,441	\$ 1,290,450	\$ 712,747
Other Financing Sources:				
Transfers In	1,074,826	240,000	30,000	511,000
Receipts - Jail Canteen	110,966			
Kentucky Advance Revenue Program	932,200	932,200		
Total Cash Receipts	<u>\$ 8,165,398</u>	<u>\$ 2,901,641</u>	<u>\$ 1,320,450</u>	<u>\$ 1,223,747</u>
<u>Cash Disbursements</u>				
Comparative Schedule of Final Budget and Budgeted Expenditures (Note 8)	\$ 6,159,896	\$ 1,284,392	\$ 1,363,859	\$ 1,185,454
Other Financing Uses:				
Schedule of Public Properties				
Corporation Fund Expenditures	197			
Transfers Out	1,074,826	833,571	150,000	40,000
Disbursements - Jail Canteen	107,325			
Bonds:				
Principal Paid	150,000			
Interest Paid	108,147			
Capital Lease Agreements:				
Principal on Leases	38,300	22,824	6,293	
Kentucky Advance Revenue Program Repaid	932,200	932,200		
Total Cash Disbursements	<u>\$ 8,570,891</u>	<u>\$ 3,072,987</u>	<u>\$ 1,520,152</u>	<u>\$ 1,225,454</u>
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	\$ (405,493)	\$ (171,346)	\$ (199,702)	\$ (1,707)
Cash Balance - July 1, 2001 (a)(b)	<u>1,994,454</u>	<u>228,352</u>	<u>344,366</u>	<u>3,549</u>
Cash Balance - June 30, 2002 (a)	<u>\$ 1,588,961</u>	<u>\$ 57,006</u>	<u>\$ 144,664</u>	<u>\$ 1,842</u>

(a) Cash balance includes investments.

(b) The General Fund and Jail Fund prior year balances do not agree to the prior year audit due to prior year voided checks.

The accompanying notes are an integral part of the financial statements.

GREENUP COUNTY
 STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN CASH BALANCES
 For The Fiscal Year Ended June 30, 2002
 (Continued)

General Fund Type			Special Revenue Fund Type		
Local Government Economic Assistance Fund	Landfill Fund	Public Defender Fund	State Grants Fund	Federal Grants Fund	Revolving Loan Fund
\$ 5,761	\$ 521,174	\$ 3,617	\$ 69,741	\$ 1,293,203	\$ 71,335
	50,000				1,255
<u>\$ 5,761</u>	<u>\$ 571,174</u>	<u>\$ 3,617</u>	<u>\$ 69,741</u>	<u>\$ 1,293,203</u>	<u>\$ 72,590</u>
\$ 22,885	\$ 562,231	\$ 5,436	\$ 101,644	\$ 1,287,678	\$ 127,409
	50,000				
	9,183				
<u>\$ 22,885</u>	<u>\$ 621,414</u>	<u>\$ 5,436</u>	<u>\$ 101,644</u>	<u>\$ 1,287,678</u>	<u>\$ 127,409</u>
\$ (17,124)	\$ (50,240)	\$ (1,819)	\$ (31,903)	\$ 5,525	\$ (54,819)
30,597	382,476	10,545	76,401	11,321	323,930
<u>\$ 13,473</u>	<u>\$ 332,236</u>	<u>\$ 8,726</u>	<u>\$ 44,498</u>	<u>\$ 16,846</u>	<u>\$ 269,111</u>

The accompanying notes are an integral part of the financial statements.

GREENUP COUNTY
 STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN CASH BALANCES
 For The Fiscal Year Ended June 30, 2002
 (Continued)

	Special Revenue Fund Type	Debt Service Fund Type	Enterprise Fund Type
	E911 Fund	Public Properties Corporation Fund	Jail Canteen Fund
<u>Cash Receipts</u>			
Schedule of Operating Revenue (Note 8)	\$ 311,799	\$ 38,138	\$
Other Financing Sources:			
Transfers In		242,571	
Receipts - Jail Canteen			110,966
Kentucky Advance Revenue Program			
Total Cash Receipts	\$ 311,799	\$ 280,709	\$ 110,966
<u>Cash Disbursements</u>			
Comparative Schedule of Final Budget and Budgeted Expenditures (Note 8)	\$ 218,908	\$	\$
Other Financing Uses:			
Schedule of Public Properties Corporation Fund Expenditures		197	
Transfers Out	1,255		
Disbursements - Jail Canteen			107,325
Bonds:			
Principal Paid		150,000	
Interest Paid		108,147	
Capital Lease Agreements:			
Principal on Leases			
Kentucky Advance Revenue Program Repaid			
Total Cash Disbursements	\$ 220,163	\$ 258,344	\$ 107,325
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	\$ 91,636	\$ 22,365	\$ 3,641
Cash Balance - July 1, 2001 (a)(b)	26,040	505,277	51,600
Cash Balance - June 30, 2002 (a)	\$ 117,676	\$ 527,642	\$ 55,241

(a) Cash balance includes investments.

(b) The General Fund and Jail Fund prior year balances do not agree to the prior year audit due to prior year voided checks.

The accompanying notes are an integral part of the financial statements.

STATEMENT OF CASH FLOWS-
PROPRIETARY FUND TYPE

GREENUP COUNTY
STATEMENT OF CASH FLOWS-
PROPRIETARY FUND TYPE

For The Fiscal Year Ended June 30, 2002

	<u>Enterprise Fund</u>
	<u>Jail Canteen</u>
Cash Flows From Operating Activities:	
Cash Received From Inmate Sales	\$ 110,602
Payments to Suppliers	(103,441)
Payments to Employees	(3,884)
Other Receipts	<u>364</u>
Net Cash Provided By Operating Activities	<u>\$ 3,641</u>
Cash and Cash Equivalents - Beginning	<u>51,600</u>
Cash and Cash Equivalents - Ending	<u><u>\$ 55,241</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income	<u>\$ 3,641</u>
Net Cash Provided by Operating Activities	<u><u>\$ 3,641</u></u>

GREENUP COUNTY
NOTES TO FINANCIAL STATEMENTS

June 30, 2002

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statements of Greenup County include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Based upon the criteria stated in GASB 14, management has included the Public Properties Corporation Fund as part of the reporting entity.

The Public Properties Corporation is a legally separate entity established to provide long-term debt service for the fiscal court. The Public Properties Corporation's governing body consists entirely of fiscal court members. Therefore management must include the Public Properties Corporation as a component unit, and the Public Properties Corporation financial activity has been blended with that of the fiscal court.

Additional - Greenup County Constitutional Elected Officials

- Circuit Court Clerk
- County Attorney
- County Clerk
- County Sheriff
- Property Valuation Administrator

The Kentucky constitution provides for election of the above officials from the geographic area constituting Greenup County. Pursuant to state statute, these officials perform various services for the Commonwealth of Kentucky, its judicial courts, the fiscal court, various cities and special districts within the county, and the board of education. In exercising these responsibilities, however, they are required to comply with state laws. Audits of their financial statements are issued separately and individually and can be obtained from their respective administrative offices.

B. Fund Accounting

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The government uses funds to report on its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Greenup County Fiscal Court's Fund Types, a definition of each, and county funds included within each fund type are listed below.

1) General Fund Type

General Fund Type accounts for all financial resources except those required to be accounted for in another fund type. The Greenup County General Fund Type includes the following county funds: General Fund, Road and Bridge Fund, Jail Fund, Local Government Economic Assistance Fund (LGEA), Landfill Fund, Public Defender Fund, and the Local Government Economic Development Fund.

GREENUP COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2002
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

B. Fund Accounting (Continued)

2) Special Revenue Fund Type

Special Revenue Fund Type accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for the specified purpose. The Greenup County Special Revenue Fund Type includes the following county funds: State Grants Fund, Federal Grants Fund, Revolving Loan Fund, and the E911 Fund.

3) Debt Service Fund Type

Debt Service Fund Type accounts for the accumulation of resources for the payment of general long-term debt principal and interest and includes funds for the Public Properties Corporation Fund. Debt service is provided through annual transfers from the General Fund Type in the amount of the debt service requirements for the year.

4) Proprietary Fund Type

The Proprietary Fund Type is an enterprise fund used to report an activity for which a fee is charged to external users for goods or services. The Greenup County Proprietary Fund Type includes the Jail Canteen Fund, which is maintained by the county jailer.

The canteen operations are authorized pursuant to KRS 441.135(1), which allows the jailer to sell snacks, sodas, and other items to inmates. The profits generated from the sale of those items are to be used for the benefit or recreation of the inmates. KRS 441.135(2) requires the jailer to maintain accounting records and report annually to the county treasurer the receipts and disbursements of the Jail Canteen. Technical Audit Bulletin 93-002 provides additional accounting and expenditure guidance for acceptable jail canteen operations. All profit expenditures were for the benefit and/or recreation of the inmates.

C. Basis of Accounting

For all fund types, the county utilizes a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting, assets, liabilities, and related revenues and expenditures are recorded when they result from cash transactions, with a few exceptions. This modified cash basis recognizes revenues when received, except for the recording of long-term receivables and deferred revenue. Expenditures are recognized when paid, except for the recording of long-term obligations and amounts to be provided in future years.

GREENUP COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2002
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

D. Legal Compliance - Budget

The Greenup County budget is adopted on a cash basis of accounting and according to the laws of Kentucky as required by the State Local Finance Officer. The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

Formal budgets are not adopted for the Public Properties Corporation Fund because bond indentures and other relevant contractual provisions require specific payments to and from this fund annually and transfers are budgeted in the General Fund Type to comply with these requirements. The Department for Local Government does not require this fund to be budgeted.

E. Cash and Investments

Cash includes amounts in bank accounts, and investments are stated at cost. Investments may include certificates of deposit on the financial statements; however, for the purpose of disclosing credit risk (Note 3), investments exclude certificates of deposit.

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

F. Jointly Governed Organization

A jointly governed organization is an entity that results from a multigovernmental arrangement that is governed by representatives from each participating government. The entity provides services to the citizens of each participating government, but there is no ongoing financial interest or responsibility by the participating governments. The jointly governed organization can act independently of each of the participating governments. The Northeast Kentucky Regional Industrial Park Authority meets the criteria noted above and is disclosed as an organization jointly governed by the counties of Boyd, Carter, Elliott, Greenup, and Lawrence. The Boyd/Greenup Riverport Authority also meets the criteria noted above and is disclosed as an organization jointly governed by the Kentucky counties of Boyd and Greenup.

GREENUP COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2002
(Continued)

Note 2. Employee Retirement System

The county has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system which covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 6.41 percent.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report.

Note 3. Deposits

The county maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the county and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of June 30, 2002, the county's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the county's agent in the county's name, or provided surety bond which named the county as beneficiary/obligee on the bond.

Note 4. Receivables

- A. The County's Revolving Loan Fund loaned \$235,000 to R&D Associates, Inc. on June 8, 1998. Terms of the agreement stipulate 30 quarterly payments in the amount of \$7,481 commencing October 10, 1998. Interest is at the rate of 5% per annum. As of June 30, 2002, the principal balance due was \$154,747.
- B. The County's Revolving Loan Fund loaned \$40,000 to Ohio River Shippers on September 18, 2000. Terms of the agreement stipulate 60 monthly payments in the amount of \$755 commencing October 1, 2000. Interest is at the rate of 5% per annum. As of June 30, 2002, Ohio River Shippers was eight months behind in payments. As of June 30, 2002, the principal balance due was \$32,160.

GREENUP COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2002
(Continued)

Note 5. Interfund Receivable and Payable

The Greenup County Public Properties Corporation paid \$125,000 on June 12, 2001, to purchase property on behalf of the fiscal court. The \$125,000 is to be replaced periodically from the Landfill Fund receipts. As of June 30, 2002, the principal balance due was \$107,078. The following schedule summarizes the interfund receivable and payable as of June 30, 2002.

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
<u>Debt Service</u> <u>Fund Type</u>	<u>General</u> <u>Fund Type</u>	
Public Properties Corporation Fund	Landfill Fund	<u>\$ 107,078</u>

Note 6. Long-Term Debt

On September 1, 1997, the Greenup County Public Properties Corporation issued \$2,745,000 of First Mortgage Refunding Revenue Bonds, Series 1997 for the purpose of defeasing the 1990 Bond Series Issue. The 1990 bonds were originally issued to finance the construction of the Greenup County Courthouse Annex and Detention Center Project. The Refunding Bonds dated September 1, 1997, require two semiannual interest payments be made on March 1 and September 1 of each year commencing March 1, 1998. Principal payments are due on March 1 of each year commencing March 1, 1998. The bonds will mature March 1, 2012. As of June 30, 2002, the principal balance remaining was \$1,995,000. Bond payments for the remaining years are:

<u>Fiscal Year Ended</u> <u>June 30</u>	<u>Scheduled</u> <u>Interest</u>	<u>Scheduled</u> <u>Principal</u>
2003	\$ 101,022	\$ 160,000
2004	93,423	165,000
2005	85,420	175,000
2006	76,845	180,000
2007	67,935	190,000
2008-2012	<u>182,158</u>	<u>1,125,000</u>
Totals	<u>\$ 606,803</u>	<u>\$ 1,995,000</u>

Note 7. Capital Leases

- A. On July 14, 1992, the Greenup County Fiscal Court entered into a lease agreement with the Kentucky Association of Counties to borrow \$145,000 for the purchase of voting equipment. The agreement required variable monthly principal and interest payments for 10 years. The final lease payment was made in January 2002.

GREENUP COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2002
(Continued)

Note 7. Capital Leases (Continued)

- B. On October 17, 1997, the Greenup County Fiscal Court entered into a lease agreement with the Kentucky Association of Counties to borrow \$70,000 for the purchase of equipment. The agreement required variable monthly principal and interest payments for five years. The final lease payment was made in January 2002.
- C. On May 10, 2002, the Greenup County Fiscal Court entered into a lease agreement with the Kentucky Association of Counties to borrow \$1,300,000 for road paving. The agreement requires variable monthly payments for 120 months to be paid in full May 20, 2012. As of June 30, 2002, the principal balance was \$1,290,817. Lease payments for the remaining years are:

<u>Fiscal Year Ended June 30</u>	<u>Scheduled Interest</u>	<u>Scheduled Principal</u>
2003	\$ 40,291	\$ 112,151
2004	36,591	115,851
2005	32,769	119,672
2006	28,822	123,620
2007	24,743	127,698
2008-2012	<u>57,679</u>	<u>691,825</u>
Totals	<u>\$ 220,895</u>	<u>\$ 1,290,817</u>

Note 8. Refund of Unused Grant Fund

During the fiscal year, Greenup County received a drawdown of \$1,000,000 in Community Development Block Grant funds for the Premier Refractory Project. Greenup County could not begin the project within time constraints imposed by the federal awarding agency, so the County made a voluntary refund of the \$1,000,000 grant receipts to the federal government. Cash receipts and cash disbursements on our Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Balances include both the receipt and refund of the grant receipts. This refund of grant receipts is not considered an expenditure of federal financial assistance.

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COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

GREENUP COUNTY
COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

For The Fiscal Year Ended June 30, 2002

<u>Budgeted Funds</u>	<u>Budgeted Operating Revenue</u>	<u>Actual Operating Revenue</u>	<u>Over (Under) Budget</u>
<u>General Fund Type</u>			
General Fund	\$ 1,742,230	\$ 1,729,441	\$ (12,789)
Road and Bridge Fund	1,415,500	1,290,450	(125,050)
Jail Fund	718,585	712,747	(5,838)
Local Government Economic Assistance Fund	3,100	5,761	2,661
Landfill Fund	430,000	521,174	91,174
Public Defender Fund	100	3,617	3,517
<u>Special Revenue Fund Type</u>			
State Grants Fund	556,500	69,741	(486,759)
Federal Grants Fund	1,720,100	1,293,203	(426,897)
Revolving Loan Fund	54,990	71,335	16,345
E911 Fund	502,000	311,799	(190,201)
Totals	<u>\$ 7,143,105</u>	<u>\$ 6,009,268</u>	<u>\$ (1,133,837)</u>
<u>Reconciliation</u>			
Total Budgeted Operating Revenue Above			\$ 7,143,105
Add: Budgeted Prior Year Surplus			1,311,848
Less: Other Financing Uses			<u>(280,872)</u>
Total Operating Budget Per Comparative Schedule Of Final Budget and Budgeted Expenditures			<u>\$ 8,174,081</u>

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SCHEDULE OF OPERATING REVENUE

GREENUP COUNTY
SCHEDULE OF OPERATING REVENUE

For The Fiscal Year Ended June 30, 2002

Revenue Categories	GOVERNMENTAL FUND TYPES			
	Totals (Memorandum Only)	General Fund Type	Special Revenue Fund Type	Debt Service Fund Type
Taxes	\$ 1,597,922	\$ 1,287,457	\$ 310,465	\$
In Lieu Tax Payments	273	273		
Excess Fees	87,030	87,030		
Licenses and Permits	540,704	540,704		
Intergovernmental Revenues	3,458,525	2,097,625	1,360,900	
Charges for Services	136,621	136,121	500	
Miscellaneous Revenues	140,123	67,132	54,944	18,047
Interest Earned	86,208	46,848	19,269	20,091
Total Operating Revenue	<u>\$ 6,047,406</u>	<u>\$ 4,263,190</u>	<u>\$ 1,746,078</u>	<u>\$ 38,138</u>

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COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES

GREENUP COUNTY
COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES

For The Fiscal Year Ended June 30, 2002

Expenditure Categories	GENERAL FUND TYPE		
	Final Budget	Budgeted Expenditures	Under (Over) Budget
General Government	\$ 815,909	\$ 783,387	\$ 32,522
Protection to Persons and Property	1,041,356	1,023,518	17,838
General Health and Sanitation	213,800	205,660	8,140
Social Services	7,511	4,749	2,762
Roads	1,828,750	1,583,827	244,923
Airports	6,000	6,000	
Debt Service	700	697	3
Capital Projects	23,000	17,922	5,078
Administration	941,417	798,497	142,920
 Total Operating Budget - General Fund Type	 \$ 4,878,443	 \$ 4,424,257	 \$ 454,186
 Other Financing Uses:			
Transfers to Public Properties			
Corporation Fund-			
Principal	150,000	150,000	
Interest	92,571	92,571	
Borrowed Money-			
Kentucky Advanced Revenue			
Program - Principal		932,200	(932,200)
Capital Lease Agreements-			
Principal on Leases	38,301	38,300	1
 TOTAL BUDGET - GENERAL FUND TYPE	 \$ 5,159,315	 \$ 5,637,328	 \$ (478,013)

GREENUP COUNTY
 COMPARATIVE SCHEDULE OF
 FINAL BUDGET AND BUDGETED EXPENDITURES
 For The Fiscal Year Ended June 30, 2002
 (Continued)

Expenditure Categories	SPECIAL REVENUE FUND TYPE		
	Final Budget	Budgeted Expenditures	Under (Over) Budget
General Government	\$ 167,000	\$ 117,409	\$ 49,591
Protection to Persons and Property	348,550	218,323	130,227
General Health and Sanitation	1,027,860	276,123	751,737
Social Services	41,000	36,862	4,138
Recreation and Culture	88,993	16,574	72,419
Other Transportation Facilities and Services	190,000	49,724	140,276
Debt Service	10,000	10,000	
Capital Projects	1,000,000	1,000,000	
Administration	422,235	10,624	411,611
TOTAL BUDGET - SPECIAL REVENUE FUND TYPE	\$ 3,295,638	\$ 1,735,639	\$ 1,559,999

SCHEDULE OF PUBLIC PROPERTIES CORPORATION FUND EXPENDITURES

GREENUP COUNTY
SCHEDULE OF PUBLIC PROPERTIES CORPORATION FUND EXPENDITURES

For The Fiscal Year Ended June 30, 2002

<u>Expenditure Items</u>	<u>Amounts</u>
Trustee Fees	\$ 177
Miscellaneous	<u>20</u>
Total	<u><u>\$ 197</u></u>

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky

Honorable Paul E. Patton, Governor

Gordon C. Duke, Secretary

Finance and Administration Cabinet

Dana Mayton, Secretary, Revenue Cabinet

Honorable Robert W. Carpenter, Greenup County Judge/Executive

Members of the Greenup County Fiscal Court

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of Financial
Statements Performed In Accordance With Government Auditing Standards

We have audited the financial statements of Greenup County, Kentucky, as of and for the year ended June 30, 2002, and have issued our report thereon dated October 28, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Greenup County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Greenup County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.



Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of Financial
Statements Performed In Accordance With Government Auditing Standards
(Continued)

This report is intended solely for the information and use of management and the federal awarding agencies and pass-through entities, and is not intended to be, and should not be, used by anyone other than the specified party.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
October 28, 2002

REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133



EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky

Honorable Paul E. Patton, Governor

Gordon C. Duke, Secretary

Finance and Administration Cabinet

Dana Mayton, Secretary, Revenue Cabinet

Honorable Robert W. Carpenter, Greenup County Judge/Executive

Members of the Greenup County Fiscal Court

Report On Compliance With Requirements
Applicable To Each Major Program And On Internal Control
Over Compliance In Accordance With OMB Circular A-133

Compliance

We have audited the compliance of Greenup County, Kentucky, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2002. Greenup County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Greenup County's management. Our responsibility is to express an opinion on Greenup County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Greenup County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Greenup County's compliance with those requirements.

In our opinion, Greenup County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2002.



Report On Compliance With Requirements
Applicable To Each Major Program And On Internal Control
Over Compliance In Accordance With OMB Circular A-133
(Continued)

Internal Control Over Compliance

The management of Greenup County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Greenup County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, federal awarding agencies, and pass-through entities, and is not intended to be, and should not be, used by anyone other than the specified parties.

Respectfully submitted,



Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
October 28, 2002

FINDINGS AND QUESTIONED COSTS

GREENUP COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For The Fiscal Year Ended June 30, 2002

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Greenup County.
2. No reportable conditions relating to the audit of the financial statements are reported in the Independent Auditor's Report.
3. No instances of noncompliance material to the financial statements of Greenup County were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal awards programs are reported in the Independent Auditor's Report.
5. The auditor's report on compliance for the audit of the major federal awards programs for Greenup County expresses an unqualified opinion.
6. There are no audit findings relative to the major federal awards programs for Greenup County reported in Part C of this schedule.
7. The program tested as a major program was: Community Development Block Grant, CFDA #14.228
8. The threshold for distinguishing Type A and B programs was \$300,000.
9. Greenup County was determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

REPORTABLE CONDITIONS

None.

NONCOMPLIANCES

None.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARDS PROGRAM
AUDIT

None.

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

GREENUP COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Fiscal Year Ended June 30, 2002

Federal Grantor Program Title <u>Grant Name (CFDA #)</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>
Cash Programs:		
<u>U.S. Department of Housing and Urban Development</u>		
Passed-Through State Department for Local Government:		
Community Development Block Grants- Phase VI Water Project (CFDA #14.228)	B-98-DC-21-0001(019)	\$ 201,092
Premier Refractory Project		
<u>U.S. Department of Justice</u>		
Passed-Through State Justice Cabinet:		
Delinquency Prevention Title V- Ramey Truancy Prevention (CFDA #16.548)	2001-JP-FX-2021(24-2)	36,862
<u>U.S. Department of Transportation</u>		
Passed-Through State Department of Transportation:		
Transportation Enhancement (ISTEA)- McConnell House Restoration (CFDA #20.205)	FD-52-C-99016538	49,724
<u>U. S. Federal Emergency Management Agency</u>		
Passed-Through State Department of Military Affairs:		
Disaster and Emergency Assistance Grants- February 2000 Severe Weather (CFDA #83.544)	FEMA-1320-DR-KY	99,172
Total Cash Expenditures of Federal Awards		<u>\$ 386,850</u>

GREENUP COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Fiscal Year Ended June 30, 2002

Note 1 - Basis of Presentation

This schedule is presented on a modified cash basis of accounting.

Note 2 - As required by this grant agreement, all program moneys received by the recipient after the completion of all recipient grant activities shall be used by the recipient for community or economic development activities eligible for assistance under Title I of the Housing and Community Development Act of 1974, so specified in the Commonwealth of Kentucky's Community Development Block Grant Eligible Activities Policy Statement.

CERTIFICATION OF COMPLIANCE -
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM

GREENUP COUNTY FISCAL COURT

For The Fiscal Year Ended June 30, 2002

CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM
GREENUP COUNTY FISCAL COURT

Fiscal Year Ended June 30, 2002

The Greenup County Fiscal Court hereby certifies that assistance received from the Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.



Greenup County Judge/Executive



Greenup County Treasurer

